



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

June 19, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF ACCOUNTS PAYABLE AUDIT AND RECOVERY SERVICES AGREEMENT
(COUNTY CONTRACT NO. H207943) - AMENDMENT NO. 1 WITH RECOVERED ASSETS
FINANCIAL SERVICES, LLC (All Districts) (3 votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to sign Amendment No. 1 to the Accounts Payable Audit and Recovery Services Agreement No. H207943 with Recovered Assets Financial Services, LLC (RAFS), substantially similar to Exhibit I, to extend the maximum percentage paid by the Department of Health Services (DHS) of 26% of the total dollar amount/value of any duplicate payments, overcharges, missed discounts, and/or unclaimed credits identified by RAFS and recovered from DHS services providers as a credit, discount, or refund, for a period of six months, effective July 1, 2003 through December 31, 2003, with no net County costs for services performed by RAFS if it fails to recover any such duplicate payments, overcharges, missed discounts, and/or unclaimed credits.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:

In approving the recommended action, the Board is authorizing the Director of Health Services, or his designee, to sign Amendment No. 1 to the Accounts Payable Audit and Recovery Services with RAFS to extend the maximum percentage paid by the DHS of 26% of the total dollar amount/value of any duplicate payments, overcharges, missed discounts, and/or unclaimed credits recovered by RAFS from DHS service providers as a credit, discount, or refund, for a period of six months, effective July 1, 2003 through December 31, 2003.

County policy and procedures require the timely submission of contracts for Board approval. However, the amendment was not scheduled for placement on the Board agenda three weeks prior to its effective date, since RAFS only recently requested that they be allowed to receive their maximum payment percentage of 26% through December 31, 2003.

FISCAL IMPACT/FINANCING:

The amendment will extend RAFS maximum payment amount for services performed of 26% of the dollar amount/value of any duplicate payment, overcharges, missed discounts, and/or unclaimed credits recovered, for a period of six months, effective July 1, 2003 through December 31, 2003. If RAFS fails to recover any funds, credits, discounts, etc., there is no net County cost for services performed.

FACTS AND PROVISIONS\LEGAL REQUIREMENTS:

On June 2002, DHS released a Request for Proposals (RFP) seeking proposals from qualified Sales and Use Tax Reconciliation Services and/or Accounts Payable Audit Recovery Services providers. On July 15, 2002, the DHS received RFP proposal responses from six providers, from which two proposers KMPG, LLP and RAFS were selected as the most qualified providers.

On December 3, 2002, the Board approved the awarding of one Sales and Use Tax Reconciliation Services Agreement with KPMG, LLP and one Accounts Payable Audit and Recovery Services Agreement with RAFS. The agreement with RAFS provides for the analysis of DHS purchasing and payment records at six DHS hospitals (Harbor-UCLA Medical Center, High Desert Hospital, Los Angeles County+University of Southern California Medical Center, Martin Luther King, Jr./Drew Medical Center, Olive View Medical Center, and Rancho Los Amigos Medical Center) and at DHS' Health Services Administration, and Public Health Programs & Services offices, to find and recover for DHS any sales and use tax overpayments, as well as, duplicate payments, overcharges, missing discounts, and/or unclaimed credits, owed to DHS by the vendors.

Under the agreement, RAFS receives a payment of: 1) 26% of the total amount of credits, discounts, or refunds recovered for the period effective on Board approval (i.e., December 3, 2002) through June 30, 2003, and 2) 22% of the total amount of credits, discounts, or refunds recovered for the period of July 1, 2003 through June 30, 2005.

Due to the delays in negotiating the award of the final agreement, RAFS has requested that the ending date of June 30, 2003, in which they receive their maximum payment percentage of 26% of the total amount of credits, discounts, or refunds recovered, be amended and extended for six months through December 31, 2003; and that the date in which they receive 22% of the total amount of credits, discounts, or refunds recovered, be amended to read for the period of January 1, 2004 through June 30, 2005. The term of RAFS's agreement will remain unchanged, and will expire on June 30, 2005.

The amendment will also update the agreement by including the addition of the "Safely Surrendered Baby Law" provision.

The amendment (Exhibit I) has been reviewed and approved as to form by County Counsel.

The Honorable Board of Supervisors
June 19, 2003
Page 3

Attachment A provides additional information.

CONTRACTING PROCESS:

It is not appropriate to advertise amendments on the Los Angeles (L.A.) County Online Web Site as a business opportunity.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Recovered funds will provide for additional financial support to DHS projects.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director of Health Services

TLG:pm

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

BLCD2903.GI

SUMMARY OF AGREEMENT

1. TYPE OF SERVICE:

The Accounts Payable Audit and Recovery Services program provides for the analysis of DHS purchasing and payment records at six DHS hospitals (Harbor-UCLA Medical Center, High Desert Hospital, Los Angeles County+University of Southern California Medical Center, Martin Luther King, Jr./Drew Medical Center, Olive View Medical Center, and Rancho Los Amigos Medical Center) and at DHS' Health Services Administration, and Public Health Programs & Services offices, to find and recover for DHS duplicate payments, overcharges, missing discounts, and/or unclaimed credits owed to DHS by the providers it deals with.

2. AGENCY ADDRESSES AND CONTACT PERSONS:

Recovered Assets Financial Services, LLC
3170 Lenora Church Road, Suite 100
Snellville, Georgia 30039
Attention: Mr. Steven M. Hardy
Executive Vice President
Telephone/Facsimile (FAX) Number: (952) 445-7344/FAX (952) 445-7548

3. TERM:

December 3, 2002 through June 30, 2005.

4. FINANCIAL INFORMATION:

The amendment will extend RAFS maximum payment amount for services performed of 26% of the dollar amount/value of any duplicate payment, overcharges, missed discounts, and/or unclaimed credits recovered, for a period of six months, effective July 1, 2003 through December 31, 2003. If RAFS fails to recover any funds, credits, discounts, etc., there is no net County cost for services performed.

5. ACCOUNTABLE FOR MONITORING AND EVALUATION:

Donald C. Petite, Director of Materials Management

6. APPROVALS:

Finance:	Gary W. Wells, Director of Finance
Contracts and Grants Division:	Riley J. Austin, Acting Chief
County Counsel (approval as to form):	Irene E. Riley, Associate County Counsel

EXHIBIT I

Contract No. H207943-1

ACCOUNTS PAYABLE AUDIT AND RECOVERY SERVICES AGREEMENT

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into this _____ day
of _____, 2003,

by and between

COUNTY OF LOS ANGELES (hereafter
"County"),

and

RECOVERED ASSETS FINANCIAL
SERVICES, LLC (hereafter
"Contractor").

WHEREAS, reference is made to that certain document entitled
"ACCOUNTS PAYABLE AUDIT AND RECOVERY SERVICES AGREEMENT", dated
December 3, 2002, and further identified as County Agreement No.
H207943, and any amendments thereto, (all hereafter "Agreement");
and

WHEREAS, it is the intent of the parties hereto to amend
Agreement to add a new provision, revise the payment provision,
and to make other hereafter described changes; and

WHEREAS, said Agreement provides that changes may be made in
the form of a written amendment which is formally approved and
executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall be effective on July 1, 2003.

2. Paragraph 35, Safely Surrendered Baby Law, shall be added to the Additional Provisions of the Agreement as follows:

"35. SAFELY SURRENDERED BABY LAW: Contractor shall notify and provide to each of its officers, employees, and agents, and shall require that each of Contractor's subcontractors providing services under this Agreement also notify and provide to each of its officers, employees, and agents, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. County's fact sheet is available on the Internet at www.babysafela.org. for printing and review purposes. Further, Contractor understands that it is County's policy to encourage Contractor and all of its subcontractors, providing services under this Agreement, if any, to voluntarily post County's "Safely Surrendered Baby Law" poster in a prominent position at their place of business. County's Department of Children and Family Services will supply Contractor with the poster to be used."

3. Exhibit A, Paragraph 5, PAYMENT, Subparagraph 1, shall be amended to read as follows:

"5. PAYMENT: As noted in the body of this Agreement

(i.e., Paragraph 6, Billing and Payment, of the Agreement body), the fee for Contractor's Accounts Payable Audit and Recovery Services work specified hereinabove for Contractor's services effective July 1, 2003 through December 31, 2003, shall be twenty-six percent (26%) of the total amount of any duplicate payments, overcharges, missed discounts, and/or unclaimed credits paid, or not claimed, by County and recovered by Contractor from County's medical supply and/or services providers, as a credit, discount, or refund.

Thereafter, or for Contractor's services beginning January 1, 2004 through June 30, 2005, the fee for Contractor's Accounts Payable Audit and Recovery Services work specified hereinabove, shall be twenty-two percent (22%) of the total amount of any duplicate payments, overcharges, missed discounts, and/or unclaimed credits paid, or not claimed, by County and recovered by Contractor from County's medical supply and/or services providers, as a credit, discount, or refund."

4. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Fred Leaf, Chief Operating
Officer

RECOVERED ASSETS FINANCIAL
SERVICES, LLC.
Contractor

By _____
Signature

Print Name

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL
LLOYD W. PELLMAN
County Counsel

By _____
Deputy

APPROVED AS TO CONTRACT
ADMINISTRATION:

Department of Health Services

By _____
Acting Chief, Contracts and
Grants Division

gti:06/10/03
AMCD2904.GI